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The Waukegan City Council this week took a key step forward in the decades-long process to clean up its polluted harbor.

The council voted 8-1 late Monday night to approve a deal with the U.S. Environmental Protection Agency for a \$36 million harbor cleanup. The approval opens the door for the city to seek federal funding to dredge thousands of cubic yards of contaminated sediment from the harbor.

Rep. Mark Kirk (R-III.) was confident the project, which could face competition for funding from up to nine other Great Lakes cities, would move forward.

"This puts us ahead of the line of everybody," said Kirk, who has pushed hard for the cleanup.

Kirk and city officials announced a plan last year to rid the harbor of the last remnants of polychlorinated biphenyl particles, an industrial pollutant believed to be carcinogenic. The project cost, they said, would be footed by a combination of \$23.4 million in federal funding under the Great Lakes Legacy Act and \$12.6 million from local sources.

Three months ago, the council spurred a furor when it passed a resolution that called for limiting the depth of the harbor so large industrial ships can't use it.

Two long-standing industrial tenants on the city's lakefront who originally pledged a total of \$3 million for the project -- National Gypsum Co. and Lafarge North America -- have threatened to rescind their offers. In June, about 200 workers and their supporters from the harbor industries protested the city plans at a public meeting.

Despite the uproar, the council refused to budge, saying its long-term plans didn't include an industrial presence.

"The council made a decision that the harbor will be recreational, not industrial," Mayor Richard Hyde said.

If Waukegan becomes an entirely recreational harbor, Calumet Harbor would be the only industrial port left in Illinois. Between 90 and 100 industrial ships enter the Waukegan port every year, and the three remaining factories on the harbor employ about 120 people.

First detected in the harbor in 1976, PCBs have been shown to cause illnesses in lab animals and are thought to be carcinogenic for humans.

Outboard Marine Corp., a now-bankrupt boat-engine manufacturer, used a PCB-based lubricant that leaked into the water between 1948 and 1971.

"This is like the cleanup after the party," said Jeff Jeep, an environmental attorney for the city.

The EPA has not signed the agreement approved by the council. Ray Vukovich, Waukegan director of governmental services, said he talked Tuesday morning with Mary Gade, EPA Region 5 director, and Gade indicated the federal agency would approve the deal.

"She said [the council's approval] is all they were waiting for," Vukovich said.

About 250,000 cubic yards of contaminated material would be dredged and removed under the EPA agreement and the sediments would be hauled to a landfill, Jeep said. If federal and local funding is approved, the work could start next spring and be done before the end of 2008, he said.

The funding picture, though, remains unclear.

With the possible loss of pledges from the harbor-front industries, officials said the city will make up the difference, in addition to the \$3 million it has pledged.

"We're in a holding pattern right now," said Nancy Spurlock, a spokeswoman for National Gypsum. "If they proceed down that path, we're ready to take legal action to protect our business."

Louise Muth, a spokeswoman for Lafarge, said the company has talked with city officials and still hopes to stay on the harbor, but no decision on the factory's fate has been made.

Lake County pledged \$2.5 million, but in recent months, some members of the County Board indicated they may rescind funding; they originally agreed to a dredging project that would accommodate industry.

And with legislators in Springfield still wrangling over the state budget, the \$4 million from the state remains in limbo.